



FINANCIAL EDUCATION TEACHER RESOURCE PACK

Credit

KEY STAGE 3

The
MONEY
Charity

<https://themoneycharity.org.uk>

ABOUT THE MONEY CHARITY

The Money Charity is the UK's Financial Capability charity, providing Financial Education, information and advice to young people and adults throughout the UK.

Our vision is for everyone to be on top of their money as a part of everyday life. So we empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives.

We are most known for providing high-quality support to teachers by delivering fun, engaging and interactive Financial Education Money Workshops in schools and colleges across the UK. The Workshops inspire and motivate young people to take control of their finances and prepare for their futures. We hope that our Teacher Resource Packs will help us expand this reach.

If you and your young people enjoy using this Teacher Resource Pack, please do check our website <https://themoneycharity.org.uk> to see what other packs are available.

What is Financial Capability?

Financial Capability provides people with the ability to manage their money well and to make the most of it. It enables people to have the best possible Financial Wellbeing, both now and in the future. This is done by improving and developing people's skills and knowledge, motivation and attitudes towards money, as well as the accessibility of financial products.



USING THIS RESOURCE PACK

This Teacher Resource Pack is designed to give you the tools and the confidence to help you to teach your students about key financial topics in a fun and engaging way. You do not need to already have any special skills or knowledge and most of the required resources are provided in the pack. This pack has been specifically designed to support you in delivering Financial Education Workshops that are mapped to the national curriculum.

This pack is designed to be flexible so you can adapt it to the requirements of your school and students. We have split the lesson into three 20-minute sections, which can be run together or independently. This gives you the choice to run it as a full-hour lesson or run it as 2 or 3 consecutive lessons if time is limited e.g. if Financial Capability is taught during form-time.

Talking about Credit

At The Money Charity we focus on positive messaging, attitudes and behaviours. This is important regarding debt and credit because it can be something people have strong opinions about, but in reality there aren't necessarily right or wrong answers, just different suitability in different situations and we don't know the young person's situation at home. Our job as educators is to teach young people how to work out whether products are right for them, without showing our own judgement.

This Teacher Resource Pack covers Credit for 11-14 year olds.

The learning outcomes of this pack are for students to be able to:

- Understand the different types of credit available and their suitability for different situations.
- Understand what credit scores are and which factors can have an impact on them.
- Understand the difference between manageable and unmanageable debt.

Resources included in this pack:

- 1x Teacher Notes
- 1x Starter Sheet (photocopy for number of students)
- 1x Credit Definitions Bingo Sheet (photocopy and cut up before the lesson)
- 1x Set of True/False Double-Sided Cards
- 8x Credit Case Studies (photocopy and cut up before the lesson)

Do let us know how you found the resources and fill out our survey:

<https://forms.gle/gBUwwYZurG8ErqhKA>

STARTER

FINDING OUT WHAT WE KNOW



TIME NEEDED

5 minutes



AIM

Students will fill in the before side of the Starter Sheet.



LEARNING OUTCOME

Recognise their current strengths and weaknesses in this topic.



RESOURCE

- Starter sheet

ACTIVITY

1. Give each student a Starter Sheet.
2. Instruct each student to answer the statements on the before side of the sheet.
3. **Red** = low confidence/knowledge
Yellow = medium confidence/knowledge
Green = good confidence/knowledge.
4. Get the students to hold up their sheets or put their hands up for each colour to see where the students feel their understanding is before the session.

Tip

If you are doing each activity in separate lessons, please ask the students to write their names on the sheets and collect them in at the end as they will need them again later.

DISCUSSION

Suggested discussion starters:

- What is credit?
- Do you know any different types of credit?
- Is credit always the right choice?

Definition: Credit

Credit is borrowed money to pay for goods or services.

EXTENSION

Students could discuss with a partner what they think credit is and what it can be used for.

ACTIVITY 1

CREDIT BINGO



TIME NEEDED

15 minutes



AIM

Students will play bingo in order to learn about some different types of credit and credit terms.



LEARNING OUTCOME

Know some different types of credit.



RESOURCES

- Credit Definitions Bingo Sheet
- Appendix 1: Teacher's Answer Sheet

ACTIVITY

1. Split students into pairs.
2. Randomly allocate each pair 9 definitions. Get them to lay them out 3x3.
3. Explain that you will call out a word related to credit and they see if they have the definition. Once you have confirmed they have the correct definition, they can turn it over.
4. Keep going until a pair turns over three in a row and calls "Bingo!"
5. Ask them to read out their definitions and tell the class the words they describe.
6. The first pair to call out "Bingo!" correctly are the winners!
7. Quickly go over any terms that weren't discussed in the game.

Tip

Remember there is no right or wrong answer and try to avoid judgement about debt.

DISCUSSION

Suggested discussion starters:

- Can all types of credit be used for all situations?
- What are the pros and cons of each type of credit?
- Is credit something that should be avoided?
- Do you know any other credit terms or words?

EXTENSION

You can keep going until a pair turns over every word they have.

ACTIVITY 2

CREDIT SCORES - TRUE OR FALSE ?



TIME NEEDED

15 minutes



AIM

Students in groups will hold up 'True' or 'False' for different credit score factors.



LEARNING OUTCOME

Understand what credit scores are and what they can be affected by.



RESOURCES

- True/False Double-Sided Cards
- Appendix 2: Teacher's Credit Score Scenarios

ACTIVITY

1. Split the students into small groups.
2. Ask the students if they know what a credit score is, then use Appendix 2 to provide an explanation.
3. Give each group a True/False Card.
4. Explain that you will read out different facts or situations affecting a credit score (these are given in Appendix 2.)
5. Give them some time in their groups to discuss and decide whether it's true or false and then hold up the card showing their answer.
6. Confirm the correct answer. Have a discussion around why this is, what they are surprised by etc.
7. Continue until you have read through Appendix 2.

DISCUSSION

Suggested discussion starters:

- Why do we have credit scores?
- How could a high credit score help you?
- How could a low credit score cause problems for you?
- Are there any factors that surprise you?
- Are there any factors missing that you think should be considered?

EXTENSION

Discuss why you would want to know somebody's credit score if you were a lender.

Tip

If you took a break between Activity 1 and 2, start with the Revision Activity 1 and then proceed with Activity 2.

Revision Activity 1

Students have 60 seconds to explain different types of credit to their partner.

They are not allowed to:

- Pause
- Repeat words
- Say 'Erm'

Tip

Remind students that they will not have just one credit score, but different ones at different companies.

ACTIVITY 3

CASE STUDY: MANAGEABLE AND UNMANAGEABLE DEBT



TIME NEEDED

20 minutes



AIM

The class reads case studies and considers 'yes' or 'no' answers to questions relating to their case study. They then discuss whether using credit in each case study would lead to manageable or unmanageable debt.



LEARNING OUTCOME

Understand the difference between manageable and unmanageable debt, the suitability of credit for different purchases and the importance of a repayment plan.



RESOURCES

- Credit Case Studies
- Appendix 3: Questions and Prompts for Groups

ACTIVITY

1. Split the students into pairs or groups of 3. Remind them, using Appendix 3, of the definitions of manageable and unmanageable debt.
2. Give each group a case study showing a character, what they are borrowing for, why they are borrowing and their plan to repay.
3. Give students some time to discuss their case studies and the consequences of borrowing money in their case.
4. Ask everyone to stand up. Explain that one wall is yes and another is no.
5. Ask them the first question on Appendix 3 one pair/group at a time. Tell them to think about their own case study, discuss it with their pair/group and get them to move to the wall they think applies to them.
6. Choose some pairs/groups and ask them to explain to the class what their case study is and why they made their choice. Try to play devil's advocate, to prompt them to consider all options. Repeat with questions 1-4. When the students are sat back down, ask questions 5 and 6 and ask them to discuss the answers.
7. Discuss as a class whether they think each case study would lead to manageable or unmanageable debt.

DISCUSSION

Suggested discussion starters:

- What did you learn from these case studies?
- What should you consider before borrowing money?
- How would being in manageable debt make you feel?
- How would being in unmanageable debt make you feel?

Tip

If you took a break between Activity 2 and 3, start with the Revision Activity 2 and then proceed with Activity 3.

Revision Activity 2

Give pairs 30 seconds to name as many factors as they can remember that impact credit scores, then feedback to the class.

Tip

There are lots of opportunities for discussion in this activity. Encourage debate and try to avoid showing any personal judgement or bias about debt.

PLENARY

WHAT HAVE WE LEARNT?



TIME NEEDED

5 minutes



AIM

To sum up the learning and to see if students have made progress in their understanding and confidence in this topic.



LEARNING OUTCOME

Evaluate what they have learnt and how it might be useful to them in their lives.



RESOURCES

- Discussion Questions
- Starter Sheets from the beginning

ACTIVITY

1. Have the students work individually.
2. Discuss the questions below
3. Ask the students to think about each question for a few minutes. Then discuss these as a class.
4. Give students the Starter Sheet from the beginning of the lesson.
5. Get them to fill in the after section to see how/if their confidence and knowledge has changed.

DISCUSSION

Suggested discussion starters:

- Has anything from these activities surprised you? What and why?
- Do you think doing these activities will change anything about how you do things now?
- How do you think having done these activities might help you in the future?

Do let us know how you found the resources and fill out our survey: <https://forms.gle/gBUwwYZurG8ErqhKA>

If you have any questions or feedback on these resources please contact hello@themoneycharity.org.uk

APPENDIX 1

BINGO WORDS AND EXPLANATIONS

Credit: borrowed money.

In Debt: when you owe money.

Interest: the amount you pay back on top of your loan. Usually shown as a percentage.

APR: Annual Percentage Rate. The percentage extra that you pay every year on top of the money you have borrowed.

Student Loan: money from Student Finance that you borrow to pay for tuition fees and maintenance costs while you are at university.

Manageable Debt: when you borrow money and have a plan for how to pay it back.

Unmanageable Debt: when you borrow money, do not have a plan for how to pay it back and risk getting into further debt.

Repayment Plan: a plan for the steps you can take to repay debt.

Bank Loan: money borrowed from the bank for a period of time and paid off every month.

Rent to Own: when an item is paid for weekly or monthly with an agreement that it can be purchased at some point.

Short-Term Loan: a way of borrowing money. It is meant for a short period of time, to be repaid when you next get paid. This can also be known as a payday loan (designed for those with a job.)

Credit Card: a card that you use to pay for things using borrowed money, to be repaid every month.

Store Card: when a shop or retailer offers a card to pay for things only they sell, using borrowed money, to be repaid every month.

Overdraft: a way of borrowing money that involves an agreement with your bank that you can spend more money than you have in your bank account.

Credit Score: a number that helps potential lenders work out how reliable you are at paying back money.

APPENDIX 2

CREDIT SCORES: TRUE OR FALSE ?

Simple definition: a number that helps potential lenders work out how reliable you are at paying back money.

Advanced definition: a number based on your credit history, that different lenders come up with. This dictates whether they will lend to you, how much and the interest rate.

Note:

Answers to general questions are indicated below. If you are unsure of the answers do not be afraid to direct them to the Money Helper site or GOV.uk

Question	Answer	Why?
You can get a credit report and check your credit score.	True	It's good to not be afraid of your credit score!
You only have one credit score.	False	Different lenders have different criteria for their own score; there is no universal score.
There is a 'blacklist' shared among credit agencies.	False	Companies individually work out your score and lenders decide for themselves who to lend to.
Ben moves house a lot, which negatively affects his score.	True	Staying in the same property shows stability and means lenders can locate you easily.
Bad spending decisions affect your score forever.	False	Lenders consider the last six years of your spending history.
Jane is on the electoral register, which positively affects her credit score.	True	It is a way for lenders to confirm your address.
Joe has missed a few payments on his credit card, which negatively impacts on his score.	True	This shows you are not reliable at making repayments.
You can't change your credit score.	False	By making different spending decisions and changing lifestyle your score can go higher or lower.
Amy has taken out a credit card and 3 store cards in a month, which negatively impacts on her score.	True	It can show the need to borrow a lot of money, and your score is impacted each time you take out credit.
Graham has a student loan, which will lower his score.	False	Having a student loan doesn't impact on your score.
Diane's housemate never pays her bills on time, which negatively impacts on her score.	False	This won't affect Diane's score. However, if they borrow money to buy something together, both scores are considered.
Ron hasn't paid his electricity bill for months, which lowers his score.	True	This can show you are unreliable at paying for things on time.
Paul has taken a pay cut, which will negatively impact on his score.	False	Your salary isn't a factor in your score. However, when you take out credit, lenders will want to know your salary so they can work out how easy it will be for you to pay them back.
Bob currently owes over £4,000 in a bank loan, which will affect his credit score.	True	They will see how much you owe compared with how much you earn.

APPENDIX 3

QUESTIONS TO ASK AND EXTRA CASE STUDY NOTES

Remind them of definitions of manageable and unmanageable debt.

Manageable Debt: when you borrow money and have a plan for how to pay it back.

Unmanageable Debt: when you borrow money, do not have a plan for how to pay it back and get into further debt.

Throughout their discussion, try and give the opposing view and play devil's advocate to get the class thinking about all the factors.

QUESTIONS FOR CLASS ACTIVITY:

1. Do you need this item?
2. Do you have savings you could use instead?
3. Do you have a repayment plan?
4. Do you think it is a good idea to borrow for this?
5. What are the alternatives to borrowing? How else could you pay for this?
6. Would this lead to manageable or unmanageable debt?

Encourage class feedback in the questions, whether they agree or disagree with the pair.

NOTES:

Students may be confused about the rent-to-own totals being so high. Remind them that repaying over 3 years with a higher APR results in a high amount of interest to repay.

Try to avoid judgement about people's choices; this activity is about the suitability of different credit for different situations.